Province of
British Columbia
Ministry
of Forests

The Woodlot Licence Program:

Recommended Changes
to
Award Policies and Procedures

April, 1992

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Recommended Changes to Award Policies and Procedures

Introduction

The Woodlot Licence Program provides small-scale forest management opportunities. Created in 1979, the Woodlot Licence Program replaced the Farm Woodlot Licence Program to bring a more economically-viable small-scale forest management approach to parcels of Crown and private forest land. There are about 480 woodlot licences in British Columbia with a combined Crown and private allowable annual cut (AAC) of about 475,000 m^3.

The demand for woodlot licences excedes the present supply. They are very popular. Competition for woodlot licences has become very intense, often resulting in disputes on the award of a woodlot licence. Several unsuccessful applicants have voiced their displeasure with the selection procedures, and raised good points. As a result, it is clear that some 'fine-tuning' of the Program is necessary.

This paper does not duplicate work done in two earlier reviews. In 1988, Mr. Jack Bakewell reviewed the Program in a general manner and provided many recommendations for change. Several have been incorporated into the present Program. In 1991, Mr. David Gillespie addressed the issues of Program expansion and extension services. Neither of these reviews examined the award policies and procedures in detail.

The Committee

In 1991, a small committee was formed to examine the policies and procedures for the evaluation of applications and the award of woodlot licences. This mandate necessitated an examination of the objectives of the Woodlot Licence Program, because the award criteria should follow from the objectives. As well, other related topics were discussed with recommendations developed as appropriate. The terms of reference for the review committee are included in Appendix I.

The committee was composed of two members each from the B.C. Forest Service and the Federation of B.C. Woodlot Associations. Others were invited to attend meetings in Nanaimo and Prince George in December, 1991, and January, 1992, respectively. A listing of the participants at the two locations is included in Appendix II.

Several major topics relating to the award of woodlot licences were discussed in some detail. Other related issues were also discussed as they were raised. The committee discussion will be summarized, and present the existing situation, the problem, and possible solutions as recommendations.

This report is public information and has been circulated to all Forest Regions and Forest Districts and to all members of the Federation of B.C. Woodlot Associations for review and comment before any changes to the Woodlot Licence Program are implemented. Changes will be implemented after careful consideration and according to an overall plan.

Comments on the report recommendations are welcome, prior to 15 June, 1992. They should be sent to:

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Woodlot Licence Officer,
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OR

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V0J 3A0

Program Objectives

The policies and procedures regulating the evaluation of applications and the award of woodlot licences must be guided by the Program objectives. Therefore, the first task was to look at the objectives of the Woodlot Licence Program.

General agreement was reached over the objectives of the Woodlot Licence Program, with the addition of a fourth objective. The committee agreed that the Program objectives should, therefore, be:

- to increase the amount of private forest land under sustained yield management;
- to improve the productivity of small Crown and private forest land parcels;
- to increase the opportunities for individuals to be directly involved in small-scale forest management operations; and,
- to promote excellence in forest management.

It was noted that the order in which the objectives are listed is not intended to imply priority, but rather each objective is equally important to the Program's success. The objectives associated with any particular woodlot licence should recognize and be sensitive to the local community requirements and site conditions of the woodlot licence area.

The objectives of woodlot licence management may not always be to acheive maximization of the AAC over the entire licence area. In many areas, in fact, non-timber values may be as important as timber values. The non-timber values may be

key in setting the management direction for a portion of the woodlot licence, or even the entire woodlot licence, depending upon the circumstances. However, there must be an AAC strategy for every woodlot licence because timber harvesting is a feature of every woodlot licence.

Award of Woodlot Licences

Evaluation of Applications

The evaluation of applications for woodlot licences has often been a major source of controversy. Many people, when unsuccessful in a competition for a woodlot licence, claim that the selection system is flawed or that their application was incorrectly rated. The present system used to evaluate applications for woodlot licences is established in Forest Service Policy and Procedures (Appendix III) and applied consistently throughout the Province. But, the committee agreed that the evaluation system was in need of some revision to more closely address the objectives of the Woodlot Licence Program.

The present evaluation process considers three weighted factors in selecting a successful applicant for a woodlot licence:

- private land contribution	40%
- applicant suitability	30%
- management intent	30%

The 'private land contribution' factor considers the quantity and quality of private land proposed for inclusion in the woodlot licence. It also considers the proximity of that land to the Crown land portion of the proposed woodlot licence. The 'applicant suitability' factor assesses the apparent ability of the applicant to manage forest land in the spirit and intent of the Woodlot Licence Program. The 'management intent' factor considers the specifics of the management plan for the particular parcel of land.

At present, the district manager has no discretion in the relative weights assigned to each of the three phases of the evaluation and, therefore, is sometimes constrained in addressing issues specific to a particular woodlot licence. This difficulty arises from the fact that B.C.'s forests are not homogenous, yet a single, inflexible system has been superimposed over it for a particular purpose. Even within a single forest district there is sufficient diversity to require a flexible -- within limits -- system of evaluation.

For example, a woodlot licence may be advertised in an area that is used extensively by people seeking outdoor recreation activities close to their community. It should be appropriate for the district manager to change the weights and give more weight to the management intent factor. By doing this, the applicants with the best plan for

managing the sensitive area would be favoured. The amount of private forest land being brought into the woodlot licence would not be a major factor in this example.

On the other hand, where there is little public use of Crown forest land and there are large tracts of private forest land, it may be appropriate to weight the evaluation towards the amount and type of private forest land being proposed for inclusion in the woodlot licence. This approach would bring the largest amount of private forest land under sustained yield management in an area where the management 'style' is not a significant factor.

The committee proposes that the relative weighting of each of the three phases of the evaluation be variable, within specified ranges, at the discretion of the district manager. The weighting must be determined prior to advertisement and be included in all advertisements and particulars for each woodlot licence. The district manager will be able to evaluate applicants on their apparent ability to manage the woodlot licence giving full weight to local concerns and issues.

Bonus Offers

Lump sum bonus offers are used to determine the successful applicant for a woodlot licence when, after the evaluation, two or more applicants are essentially tied at the top of the rankings. The applicant offering the largest lump sum bonus wins the competition. This system of selecting a successful applicant has drawn widespread criticism. Asking true small-scale forest operators to offer to pay relatively large sums of cash to win a woodlot licence competition is considered by some to be contrary to the intent of the Program. Also, current legislation is such that all eligible applicants, regardless of their ranking in the evaluation, must be given the opportunity to tender a bonus offer. It is possible that the lowest ranking applicant could win a competition by tendering the largest bonus offer.

Revisions to the legislation are being proposed that will restrict the request for bonus offers to only those applicants that are tied at the top of the rankings. Thus, the bonus offer option will select from only the best applicants.

The committee believes that bonus offers should be used to select a successful applicant for a woodlot licence only as a last resort. Methods should be investigated that would employ a second evaluation as a tie-breaker, using the same or additional information, to award the woodlot licence without resorting to a call for bonus offers.

Education vs. Experience

The evaluation of applicant suitability considers both formal and informal forestry education and forestry and related experience. Both are important in a successful

woodlot licence enterprise, but reaching an acceptable balance in the evaluation has proved to be difficult.

Often, those with the formal education favour weighting the education component and those with little or no forestry training feel that the experience component should receive more weight. Another view is that education should be counted as experience and both should contribute to an experience score -- for example, ten years of practical experience would be equivalent to five years of formal education and five years of practical experience.

The committee recognizes the importance of both education and experience in successful woodlot licence management. The committee believes that the points gained by education and experience should be treated separately. The maximum rating for each should be equal and the points from each should be cumulative -- that is, an applicant with full points for both education and experience would receive double the points of an applicant with maximum points for one category and no points for the other.

Performance

The present rating system considers the past performance of applicants on Forest Service or other contracts or projects. It allows for points to be gained for good performance, points to be lost for poor performance, or no points to be gained or lost for satisfactory performance or no record. Completing this section has proved to be difficult for most evaluators and, as a result, nearly all applicants have received '0' points.

The committee recommends that the section rating past performance be deleted from the evaluation system.

Private Land: Fee-Simple or Leased

Opinion differs on the topic of private land that is suitable for inclusion in a woodlot licence. Some are of the opinion that the only private land that should be eligible for inclusion is that which is owned in a fee-simple status by the applicant, or one of the applicants. Others believe that any private land, whether owned or leased, should be eligible. Some of the latter group do, however, believe that leased private land should receive fewer points in the evaluation than if it were owned by the applicant.

There may be a greater chance that fee-simple land will remain in the woodlot licence than there is with leased land. Several instances have occured where leased land has been sold 'from beneath' the licensee, forcing either the acquisition of replacement land or the cancellation of the woodlot licence.

On the other hand, limiting the eligibility of private land to that which is owned by the applicant biases the selection process against applicants that may be 'land poor' but perhaps 'experience rich'.

Many applications have been received that include a condition that a lease will be arranged if the applicant is successful in obtaining the woodlot licence. It has happened that the same parcel of land has been put forward by more than one applicant for the same woodlot licence. Such an arrangement does not necessarily indicate a sincere commitment to forest management on private land, but that the commitment exists only if the applicant is successful in obtaining a woodlot licence.

The committee believes that it is fair and reasonable to give equal weight to both leased and owned private land. Leases must be equal to the term of the woodlot licence, and they must include renewal provisions consistent with the replacement procedures of the woodlot licence. The lease must be registered on the land title certificate to ensure that the land cannot be sold without addressing the lease. Ideally, the lease should be the first charge on the title, but it is very unlikely that a mortgagor would consent to this first charge. The registered lease must be in place at the time of application for the woodlot licence.

Managed Forest Land

Private forest land, once incorporated into a woodlot licence, qualifies for the managed forest land classification by the British Columbia Assessment Authority. This often benefits the land owner with a more favourable taxation rate on that land than would otherwise exist. The fact that the land is under sustained yield management meets one of the goals of the Woodlot Licence Program.

Some people are of the opinion that land classified as managed forest land should not be eligible for inclusion in a woodlot licence since the total amount of managed forest land would not be increasing. Failing its exclusion from acceptance, these same people are of the opinion that managed forest land should receive a lesser point rating than it would receive if otherwise classified. This approach would establish a strong bias against applicants who have managed their private land under accepted forestry principles and who have commited to that ethic by seeking the managed forest land classification for that private land.

The committee believes that there should be no bias against or in favour of managed forest land being proposed for inclusion in a woodlot licence. All private land should continue to be evaluated with no consideration to its taxation classification or management status.

Other Issues

Paperwork Overload -- Streamlining

Woodlot licence managers and Forest Service staff are faced with increasing amounts of paperwork. Much of this paperwork has been instituted since many of the woodlot licences were awarded and is, therefore, a requirement forced upon the licensee after the fact. Many operators are very frustrated that increased administrative requirements of managing a woodlot licence have been forced upon them. Some operators are threatening to surrender their woodlot licences because of the great increase in the paper burden.

The seemingly excessive amount of paperwork is partly responsible for the reluctance of many district managers to expand the woodlot licence program in their districts. District resources are often taxed to the limit in keeping ahead of the administrative requirements of several woodlot licences. A reduction in the paperwork could enable district managers to increase the size of their woodlot licence program in the absence of increased resources.

There is no easy or quick solution to the problem. Each individual part of the paperwork overload is necessary and can be defended. It is the total package that is overwhelming to both the woodlot licensee and Forest Service staff. The paperwork and the processes involved in woodlot licence management (Appendix IV) are clearly out of tune with the original woodlot licence concept of small-scale, hands-on forest management. Few woodlot licence operators have the background and expertise to understand and manage the plethoria of bureaucratic processes as well as the operational side of woodlot licence management.

A major problem appears to be that the procedures governing woodlot licences were not designed for small-scale forest management. Woodlot licences were originally classified as major licences and, as such, the procedures used to govern them were the same as those governing tree farm licences and forest licences. Although, since March, 1992, woodlot licences are no longer classified as major licences, the governing procedures have not yet been altered.

Tree farm licences and forest licences are managed by large corporate structures that often employ many professionals in the business and forest management disciplines. Woodlot licences are managed by an individual, most often performing both business and forest management tasks. The nature of the woodlot licence demands that much different procedures are required to administer the program.

The committee believes that the woodlot licensee must be given the freedom to manage, within the bounds of an approved management and working plan. A reasonably comprehensive management and working plan to guide the management direction and activities in combination with penalties for non-compliance should

provide a streamlined environment for woodlot licence management. The committee realizes that simplification and streamlining has some risks, but those risks are small in the overall Provincial forest management picture.

Program Expansion

The Woodlot Licence Program is very popular and the demand for woodlot licences excedes the supply in most forest districts. Many people want to have the opportunity to manage their own small parcel of forest land. The Forest Service also finds that woodlot licences are often the most appropriate vehicle for the management of certain forested areas.

While the Forest Service would very much like to increase the Program, existing staff is only able to administer and monitor the present, or a slightly increased program. It is the decision of each district manager to expand the district Program, or not, in the absence of additional staff and resources. The Program is expanding, albeit slowly, at a rate of about ten woodlot licences per year.

Most people, however, want a significant province-wide expansion of the Woodlot Licence Program. The Forest Service could not successfully deliver a significantly increased program in the absence of additional staff and resources.

The committee concurs that the Woodlot Licence Program should not be significantly expanded until Forest Service staffing levels are able to meet the needs of the Program.

Extension Services

Woodlot licences are often awarded to persons who have most, but not all, of the necessary forest management skills to operate the woodlot licence without assistance. It then becomes necessary for the Forest Service to assist these licensees to manage their woodlot licence to meet their objectives.

At present, the Forest Service is able to assist the licensees in understanding and completing their management responsibilities. Meetings with groups of woodlot managers is most often the communication method of choice. Informal training is ongoing in day-to-day dealings with licensees over administrative matters. The Forest Service does not have the resources to carry out a true extension services role for woodlot managers.

Woodlot associations are ideally suited to the education of their members. Many woodlot association members have expertise in one or more phases of forest or business management that they could share with members. Association meetings provide excellent opportunities for guest speakers to present specific topics. Woodlo

associations should be encouraged and assisted to provide extension services to their members.

The committee recommends that woodlot associations take a more active role in extension services. Associations should hold regular meetings and field days at which invited 'experts' discuss various aspects of forest and business management. Extension services are therefore provided, not on a 'one-on-one' basis, but in a group setting which is often more efficient.

Area Amendments to Woodlot Licences

The management of some woodlot licences could benefit from minor boundary revisions. It is possible to revise the boundaries of the private land portions of woodlot licences, at the district manager's discretion, but there is no provision to revise the Crown land boundaries.

The original boundaries of some woodlot licences did not define the best management chance. It is frustrating for both the licensee and the Forest Service to be unable to correct these errors. It would be beneficial if the district manager could authorize minor boundary revisions to:

- exclude 'problem' areas, thereby reducing the size of the Crown land portion;
- exchange more-or-less equal areas, not significantly changing the size of the Crown land portion; or,
- include logical areas, thereby increasing the size of the Crown land portion.

The committee believes that the district manager should be empowered to authorize minor ammendments to a maximum of 10% of the original area of the Crown land portion during each deletion period with the purpose of enhancing the management opportunities on the woodlot licence and adjacent Crown land. The total area of Crown land in any one woodlot licence still may not excede the legislated maximum of 400 hectares.

Incentive Increases

Some licensees believe that there should be an avenue for increases of Crown land area as an incentive for good forest management. They also feel that all woodlot licences should be able to be 'topped-up' to the maximum of 400 hectares of Crown land.

There are some flaws in this argument. First, the logical boundaries of many woodlot licences include an area of less than 400 hectares. Second, it is very subjective and difficult to assess the quality of forest management for the purpose of incentive

rewards. Third, by increasing the size of a woodlot licence a 'new' woodlot licence could effectively be created -- one which may have attracted better-qualified applicants than in the original competition.

However, the notion of rewarding a history of exemplary forest management on a woodlot licence should not be dismissed too quickly. Incentives, such as an opportunity to increase the size of a woodlot licence, can have positive affects upon the quality of woodlot licence management. Any reward mechanism must use competition as the basis for recognizing excellence in forest management. For example, exemplary management of a woodlot licence may qualify several licensees to compete for an additional parcel of Crown land which would be added to the licence area of the successful manager.

The committee is unable to support the concept of incentive increases of Crown land area for woodlot licences at this time.

Societies as Eligible Applicants

Societies are eligible to apply for woodlot licences and some societies presently hold woodlot licences.

Woodlot licences are evaluated and awarded partly on the basis of applicant qualifications and suitability. The membership of societies is often varied and open to change, sometimes on an annual basis. It is then possible to have one group in a society be determined to be best suited to manage a woodlot licence, only to have a totally new group -- perhaps not at all qualified to manage a woodlot licence --- actually undertake the management of the woodlot licence. There may be little commitment to the project and minimal 'ownership' of the undertaking by the new society members. The Forest Service has no chance to approve or disapprove the members of a society that manage a woodlot licence once it is awarded.

It is in the best interests of forest management that the Forest Service approve or disapprove the 'managing members' of a woodlot licence. This is consistent with the intent of Section 50(1)(a) of the Forest Act whereby consent to change of control of a corporation must be obtained from the Minister of Forests prior to that change of control, otherwise the agreement may be subject to cancellation. Societies, however, are excluded from this provision.

The committee believes that there is more 'ownership' by the members and more control available to the Forest Service with a corporation than with a society. The legal requirements of forming a corporation are not overly onerous or expensive. Therefore, the committee recommends that societies no longer be considered as eligible applicants for woodlot licences. If they are serious, the concerned individuals can form a corporation and compete for a woodlot licence.

Stumpage Appraisal

What discussion of the Woodlot Licence Program would be complete without touching on stumpage appraisals??

Few licensees disagree with paying fair stumpage for Crown timber but many are somewhat discouraged with the often dramatic fluctuations in the rates from one period to the next. These fluctuations make it difficult for a licensee to adjust to the market when planning to harvest a part or all of the 5-year cut. The stumpage rate is often not known until the harvest has been completed, thus the profit or loss of the operation cannot be determined until after its completion. This clearly is an unacceptable way to operate a business venture, particularly a small-scale one.

The committe believes that the option of election of variable or fixed stumpage rates should be open to the licensee. This would allow the woodlot licensee to fix the stumpage rate at a known amount.

There is a problem in some areas of the Province where log markets are poor and the price paid by the mills for logs is somewhat lower than the price in areas of stronger markets. The problem is that the cost of getting the logs to the mill is the same in areas of high markets as in areas of weaker markets. The operator receives less for the logs and could suffer an overall loss rather than realizing a profit from the sale of logs. The appraisal system does not recognize this situation. The committee is aware of the problem but the solution is beyond its capability or mandate.

Many are also of the opinion that the appraisal system does not adequately recognize the extra costs of the small scale of a woodlot licence operation. This was addressed as a result of the report by Mr. Jack Bakewell. A cost survey was sent to all woodlot licensees to determine the differences in operating costs between 'normal' and small-scale operations, such as woodlot licences. As a result of the survey, all woodlot licence stumpage appraisals now include an additional cost estimate of $4.52 per m^3 to recognize the increased operating costs of small-scale operations.

No further action is required on this issue unless new audited cost information is made available.

Woodlot Licence Replacement

The procedures for replacement of woodlot licences are described in the Forest Act. There is very little latitude available when procedures are established in Legislation. Problems arise when, for various reasons, a step in the legislated procedure is missed. Then, Forest Service staff and the licensee are forced to compromise the procedures to

accomplish the replacement. The end result is the same, but the legislation has not been strictly followed. It is also very difficult to revise procedures when they are in Legislation.

The committee believes that the intent of woodlot licence replacement must be stated in the Forest Act and the 'how to' should be in the Forest Service Policies and Procedures.

Size of Woodlot Licences - Coast vs. Interior

There is always great debate over the provincial standard of a 400 hectare maximum Crown land portion for woodlot licences. The point has been put forward many times that this standard does not recognize the difference in productivity between coastal and interior areas. For that reason many contend that it is impossible to make a living from a woodlot licence in the interior of B.C. Most want larger woodlot licences, particularly in the interior areas of the province.

It is not the intention that woodlot licences provide an entire income that will support a family. However, there is a large discrepancy between coast and interior operations that should be addressed. Many management problems could be solved with an increase in available harvest in interior situations. A larger harvest provides more flexibility in addressing operational concerns often faced by woodlot licence managers.

The committee believes that the maximum size for the Crown land portion of new woodlot licence opportunites in the interior of B.C. should be increased to 600 hectares. This will not mean that all existing woodlot licences will be 'topped up' to the new maximum -- only new woodlot licences will have the option of including up to 600 hectares of Crown land.

Transferability

The committee briefly discussed the transferability of woodlot licences. Current Forest Service Policy is quite restrictive, generally limiting tranfers to within a family, within a partnership formed for the purpose of managing a woodlot licence, and upon retirement or death of a licensee. Many woodlot licensees and prospective licensees want the restrictions eased.

Open transferability of woodlot licences would give a woodlot licence a value as an asset. That value would logically depend upon the degree of forest management practiced and the availability of other woodlot licences in the area. Licensees could increase the value of their woodlot licence by investing in forest management activities. Their work would be rewarded when their woodlot licence was sold.

Open transferability of woodlot licences could, in effect, establish a market in woodlot licences where individuals could realize a profit from a Crown resource. This clearly is not in the best interest of the public. For that reason, Forest Service Policy regarding the transfer of woodlot licences is very restrictive, as previously described.

The committee agreed that the current policy regarding transfer of woodlot licences is best left unchanged at this time.

Timber Processing Facilities

At present, woodlot licensees may not have, or acquire, timber processing facilities. The reason for this is twofold. First, more processing facilities are not required since there is sufficient milling capacity throughout the province. Second, the goal of woodlot licence management is that of forest management, not sawmilling and product marketing. Time spent on milling and marketing could detract from the forest management aspects of the woodlot licence.

Many woodlot licensees have questioned this part of the legislation. They believe that milling products for personal use, such as fencing material or building timbers, should be permitted. As well, opportunities may exist for the operation of 'value added' or specialty product facilities in conjunction with a woodlot licence. Processing facilities could also be developed to utilize material that conventional facilities are unable to accomodate, such as thinnings or other small diameter timber.

The committee believes that legislation should be ammended to permit a district manager or a regional manager to allow the ownership and operation of specified milling facilities by a woodlot licensee. Forest Service Policies and Procedures would define the types of facilities that would or would not be permitted.

Summary of Recommendations

The committee recommends that:

1- The objectives of the Woodlot Licence Program should include a commitment to excellence in forest management.

2- The evaluation system should address specifics of a woodlot licence through a variable weighting of the three parts of the evaluation.

3- Methods should be investigated to minimize the use of bonus offers in the award of a woodlot licence.

4- Education and experience should be rated equally, with the points for each being cumulative.

5- The rating of past performance of applicants should not be continued since most applicants have received neither positive or negative ratings.

6- Equal weight should be assigned in the evaluation to leased and fee simple private land. Leased private land must have a registered lease with a term consistent with the woodlot licence and its replacement provisions. Further, the registered lease must be in place at the time of application for the woodlot licence.

7- Managed forest land should not be treated differently than land otherwise classified for the purpose of the evaluation of applications for woodlot licences.

8- A serious effort must be made to streamline woodlot licence management, giving the licensee the freedom to manage.

9- The Program should not significantly increase in size until Forest Service resources are able to meet the needs of an expanded program.

10- Woodlot associations should be encouraged to be active in providing forest and business management knowledge to their members.

11- District managers should be empowered to authorize minor area ammendments, not to excede 10% of the original Crown land area during a deletion period.

12- The concept of incentive increases in the Crown land portion should not be supported at this time.

13- Societies should be deleted from the list of eligible applicants for woodlot licences.

14- Woodlot licensees should have the option of choosing fixed or variable stumpage rates for a predetermined period to facilitate better business planning.

15- The procedural part of woodlot licence replacement should be removed from the Forest Act and be outlined in Forest Service Policies and Procedures only.

16- The maximum size for the Crown land portion of new woodlot licences in the interior of B.C. should be increased to 600 hectares.

17- The district manager or the regional manager should be empowered to grant the ownership and operation of specified milling facilities by woodlot licensees.

The committee believes that, if these recommendations are followed, the Woodlot Licence Program will be improved and continue to be a popular and successful vehicle for the practice of small-scale forestry in British Columbia.

Appendix I

Terms of Reference

Woodlot Review:

Ministry of Forests and the Federation of B.C. Woodlot Associations

Introduction:

The Ministry of Forests and the Federation of B.C. Woodlot Associations will form a small committee to review and make recommendations on the Woodlot Program.

Terms of Reference:

The Committee will review the legislation, policies and procedures for the award of woodlot licences and recommend changes, if necessary. The Committee will also identify steps which could be taken to simplify the administration of the licences. The Committee may also examine other aspects of the program.

Timetable and Report:

The Committee will write a short report on its work and circulate it for comment in the spring of 1991.

Committee Members

The Committee will be composed of:

Mr. Bill Howard
Timber Harvesting Branch
Ministry of Forests

Mr. Russ Cozens
Timber Harvesting Branch
Ministry of Forests

Mr. Bill McIntosh
Federation of B.C.
Woodlot Associations

Mr. Harold Macy
North Island Woodlot
Association

Appendix II

Participants at Nanaimo and Prince George Meetings

Meeting in Nanaimo, December 16 & 17, 1991

Participants:

Bill McIntosh	Federation of British Columbia Woodlot Associations
Harold Macy	Federation of British Columbia Woodlot Associations
Bruce McKerricher	BC Forest Service, Campbell River Forest District
Russ Cozens	BC Forest Service, Timber Harvesting Branch

Meeting in Prince George, January 20 & 21, 1992

Participants:

Bill McIntosh	Federation of British Columbia Woodlot Associations
Harold Macy	Federation of British Columbia Woodlot Associations
Delee Anderson	BC Forest Service, Vanderhoof Forest District
Ron Stephen	BC Forest Service, Vanderhoof Forest District
Terry Irwin	BC Forest Service, Prince George Forest Region
Bill Howard	BC Forest Service, Timber Harvesting Branch
Russ Cozens	BC Forest Service, Timber Harvesting Branch

Appendix III

Forest Service Policy and Procedures
for the
Evaluation of Applications for Woodlot Licences

Province of British Columbia
Ministry of Forests

MINISTRY POLICY

SUBJECT: WOODLOT LICENCES		
CHAPTER: TIM	SECTION: 027	PAGE: 1

PURPOSE:

To outline the Ministry's Policy for the evaluation, award and administration of Woodlot Licences.

SCOPE OF APPLICATION:

This Policy is applicable throughout the Ministry.

DEFINITIONS:

Woodlot Licence: a Woodlot Licence entered into under the FOREST ACT, Part 3, Division 7, Section 41.

Available Volume: the volume of timber apportioned by the Minister for Woodlot Licences in each Timber Supply Area.

Allowable Annual Cut: the rate of timber harvesting specified as the Allowable Annual Cut in a Management & Working Plan for a Woodlot Licence.

Private land: for Woodlot Licence purposes, private land may include:

- forest land owned in fee simple by the Woodlot Licence applicant;
- forest land jointly owned by the applicant and other parties where a Letter of Commitment has been signed by all partners guaranteeing a commitment to Woodlot Licence management for the duration of the Licence;
- private forest land held under long-term lease by the Woodlot Licence applicant (the term of the lease should be at least as long as the term of a Woodlot Licence, with an option to renew consistent with Woodlot Licence replacement);
- Crown forest land over which a "Letter of Commitment for Sale" has been issued by the Ministry of Crown Lands and payment has been received by the Ministry of Crown Lands;
- Indian Reserve land for which a commitment has been made by the applicant to manage the land for long-term forest management according to the conditions set out in the Woodlot Licence. The Ministry of Forests currently (on an interim basis) accepts Band Council Resolutions as acceptable vehicles for recording this commitment.

DEFINITIONS: cont'd.

Eligibility: the Crown shall only enter into a Woodlot Licence with those who meet the following criteria:

a) a Canadian citizen or permanent resident of Canada who is 19 years of age or older; or

b) a society incorporated under the SOCIETIES ACT, where the majority of its members meet the qualifications referred to in (a); or

c) a Band as defined in the INDIAN ACT (Canada); or

d) a corporation that is controlled by persons who meet the qualifications referred to in paragraph (a); and

e) a person, corporation, Band or society that:

- does not own or control a corporation that owns a timber processing facility in the Province; or

- does not hold another Woodlot Licence.

POLICY STATEMENT:

It is the Policy of this Ministry, through an efficiently administered Woodlot Licence Program:

- to encourage an increase in the amount of private forest land under sustained yield management, and to improve the productivity of that land; and,

- to improve the productivity of small parcels of Crown forest land; and

- to increase the opportunities for private citizens to participate directly in small-scale forest management operations.

CONDITIONS:

1. Access: The main road access should be in place before a Woodlot Licence is awarded. The District Manager may, for good reason, award a Woodlot Licence that does not have access by public road; however, a written agreement must be obtained by the District Manager from the private land owner, stating that a road use agreement will be granted to the successful applicant.

CONDITIONS: cont'd.

2. Allowable Annual Cut (AAC): A Woodlot Licence should have a minimum Allowable Annual Cut of 200 m^3 on the Crown land portion; however, the District Manager may, for good reason, award a Woodlot Licence that has an AAC of less than 200 m^3.

3. Area: The maximum area of Crown land, exclusive of land held under lease to purchase (ie, Crown land expected to be private land eventually), shall be 400 hectares.

4. Evaluation and Approval: All Woodlot Licences shall be advertised in the prescribed manner. Proposals shall be evaluated, as described in the accompanying Procedures, which consider:

   - amount and character of private forest land included;
   - the applicant's suitability as demonstrated by education, training, experience and past performance; and
   - the applicant's forest management intentions.

   If a clear choice is indicated on the basis of the foregoing criteria, the Woodlot Licence shall be offered to the application with the highest rank. If a decision cannot be reached, the eligible applicants shall be advised the decision has been deferred, that it shall be based on bonus offers, and that eligible applicants are requested to submit bonus offers if they wish. Award shall be made to the applicant submitting the highest bonus offer or, at the discretion of the Minister, all applications shall be declined.

5. Deposits: A deposit in the amount of $200 for each Woodlot Licence is required at the time of application. The $200 deposit will be returned to the unsuccessful applicants, except those monies required by the Ministry or others, to pay outstanding debts greater than 90 days.

6. Management & Working Plan: A Management & Working Plan must be submitted within six months of award, before a Woodlot Licence is issued.

7. Location: Normally, the Crown land component of Woodlot Licences:

   - should be located close to or contiguous to private forest lands, extending the forest management to these lands;
   - should be located not more than two hours' driving distance from the principal residence of an eligible applicant;

CONDITIONS: cont'd.

7. cont'd.

- should be located in timber stands which do not form a logical part of a larger harvesting unit better suited to another form of agreement;
- should be located in timber stands which are free of special management constraints or problems;
- should not be considered where there is a disjointed mixture of Crown and private lands, creating a situation not conducive to sound forest management; and
- should not be considered where an alternative land use would derive greater net economic or social benefits to the Province.

RESPONSIBILITIES:

Director, Timber Harvesting Branch:

- to develop and maintain Policies and Procedures for the evaluation, award and administration of Woodlot Licences;
- to advise Regions with respect to the evaluation, award and administration of Woodlot Licences;
- to monitor the evaluation, award and administration of Woodlot Licences throughout the Province to ensure that the objectives of the Ministry are met and the Program is administered in accordance with Ministry Policies and Procedures; and
- to review the Policy and Procedures, and recommend appropriate changes.

Regional Manager:

- to provide advice to the District Manager regarding the implementation of Policies and Procedures on the evaluation, award and administration of Woodlot Licences; and
- to monitor and audit the evaluation, award and administration of Woodlot Licences in the Forest Region.

RESPONSIBILITIES: cont'd.

District Manager:

- to develop and maintain public awareness of the Woodlot Licence Program;
- to prepare and advertise applications for Woodlot Licences;
- to evaluate Woodlot Licence applications, using established criteria;
- to award and administer Woodlot Licences;
- to approve Woodlot Licence Management & Working Plans; and
- to issue and administer Cutting Permits (exclusive of Indian Reserve land).

REFERENCES:

FOREST ACT, Section 41 - Applications

SOCIETY ACT

INDIAN ACT (Canada)

Timber Management Manual, Chapter 13

PROCEDURES:

1. Pre-Advertising:

The District Manager shall ensure that the Woodlot Licence Program is well publicized within the District.

The demand for Woodlot Licences within a District shall be fully assessed by the District Manager. Individuals interested in acquiring a Woodlot Licence will contact the Forest Service at various levels, but shall be advised to contact the District Manager to indicate their interest.

After a District assessment to determine the potential for Woodlot Licences, possible areas should be field-checked, examined and priorized for advertisement. As privately-initiated requests for Woodlot Licences are received, these areas should also be priorized by the same procedure and added to the District priority list as their ranking indicates.

Land status must be determined for all Crown land portions of proposed Woodlot Licences prior to advertisement. The file numbers to be used are Woodlot Licence WLXXX, where XXX is the Woodlot Licence number.

All candidate areas for Woodlot Licences shall be referred to those other agencies whose programs could be affected by the management operations.

A preliminary AAC should be determined and included in the advertisement to indicate the approximate size of the operation. Once the licence is awarded, the Licensee may accept that AAC or, after a more intensive assessment of the area, may wish to make an independent determination for the approval of the District Manager.

2. Advertisement:

All Woodlot Licences shall be advertised, using the approved format and according to the Advertising, Deposits and Disposition Regulation (B.C. Reg. 552/78). The advertisement shall state that all applications be submitted to the District Manager, and indicate the time, date and location of the opening of the applications.

3. Applicant Screening:

The District Manager shall, after opening all tenders at the designated time, date and place, screen out all applicants who do not meet the eligibility requirements (FOREST ACT, Sections 41[4] and 41[5]).

PROCEDURES: cont'd.

4. Applicant Evaluation:

The District Manager shall rank the qualified applicants according to the criteria in this Procedure. A summary sheet is included with these procedures for use as desired.

If one or more applicants achieve point totals within 5% of the highest rating from the evaluation, the District Manager should, after consultation with the Regional Manager, consider calling for tenders offering a lump sum payment (bonus offer) to the Crown to determine the successful applicant. All qualified applicants shall be advised of this decision and be requested, in writing, to submit a bonus offer. The Woodlot Licence shall be awarded to the applicant submitting the highest bonus offer unless, at the Minister's direction, all applications are declined.

5. Award and Issuance:

The District Manager shall notify all applicants of the final decision.

In circumstances where the successful applicant has an outstanding account with the Ministry, award can proceed but issuance, in addition to being subject to an approved Management & Working Plan, will also be subject to settlement of the account.

The District Manager shall return deposits to all unsuccessful candidates, except those monies required by the Ministry, or others, to pay outstanding debts greater than 90 days.

A maximum of six months shall be allowed for the submission of an acceptable Management & Working Plan. Once a Management & Working Plan has been approved, the Woodlot Licence shall be issued by the District Manager.

WOODLOT LICENCE APPLICATION EVALUATION CRITERIA

A. Private Land Contribution

The only leased private land that shall be considered is that for which a legal agreement exists, with a term as long as that of the term of the Woodlot Licence, with an option for renewal consistent with Woodlot Licence replacements.

a) Net Forest Land (hectares)* (30 points)

0 ha	- 0 points		
1- 25	- 2	101-125	- 16 points
26- 50	- 4	126-150	- 20
51- 75	- 8	151-175	- 25
76-100	- 12	176-200	- 30

*maximum contribution of 200 ha. considered for point rating

b) Productivity Factor*
Poor Site - 0.4
Medium Site - 0.7
Good Site - 1.0
*pro-rated for total private land contribution

c) Management Factor*

NSR, NCC	- 0.4
Stocked, not free-growing	- 0.6
Free-growing, immature	- 0.8
Mature**	- 1.0

* pro-rated for total private land contribution
**use Timber Supply Area definition

d) Proximity* (10 points)
Start with 10 points and subtract 1 point for every six minutes (1/10 hour) travel time between the Crown portion and private land contribution.
*No points for 0 ha. private land contribution.

Total Private Land Points = (a x b x c) + d

Maximum Possible = 40

B. Applicant Suitability

(Includes major shareholders, Band members, society members; sum points for all members)

a) Education and Training (10 points)
(University, Technical School, Specialty Courses, etc.)
(Documentation required)
Add 2 points for each full year of formal forestry-related education, training or courses, to a maximum of 10 points.

b) Experience (5 points)
(References required*)
Add 1 point for each full year of experience for each of:
i) Related to forestry (4 points)
- management
- logging
- silviculture
ii) Other experience that will help to achieve goals (1 point)
*if references cannot be contacted, 0 points will be awarded

c) Performance (5 points)
(Employment references* and/or ability to successfully complete forestry contracts)
Poor performance/incomplete contract = -5
Satisfactory performance/contract completed/no contract history = 0
Excellent performance/over and above contract requirements = +5
*if references cannot be contacted, 0 points will be awarded.

d) Proximity of Residence (10 points)
Start with 10 points and subtract 1 point for every 6 minutes (1/10 hour) travel time between the applicant's primary residence and the Crown land.

Total Suitability Points = a + b + c + d

Maximum Possible = 30

C. Management Intent:

a) Forest Practices (9 points)
   i) proposed logging method and equipment
      - appropriateness, impact, availability
   ii) reforestation method and regeneration delay
      - appropriateness, practicality, effect on the A.A.C.
   iii) improvement activities
      - appropriateness, practicality, effect on the A.A.C.

Maximum of 3 points per phase; distribution within phase dictated by site and determined prior to advertising.

b) Personal Participation (12 points)
   i) planning
   ii) harvesting
   iii) reforestation
   iv) stand improvement

Each of the four areas should be treated equally and evaluated on the basis of whether it will be performed by the applicant, supervised by the applicant, or contracted entirely.

Maximum of 3 points per area; suggested split for each phase:
work performed by applicant - 3 points
work supervised by applicant - 1
work contracted - 0

c) Community Involvement (4 points)
   i) Type of community involvement
      - demonstrations or tours for schools, clubs and societies
      - operational contributions by schools, clubs, and societies
      - participation by family members
      - hiring of employees

   maximum 2 points
   ii) Level of community involvement
      - the different operational phases which will be open to involvement by the aforesaid groups

Maximum 2 points

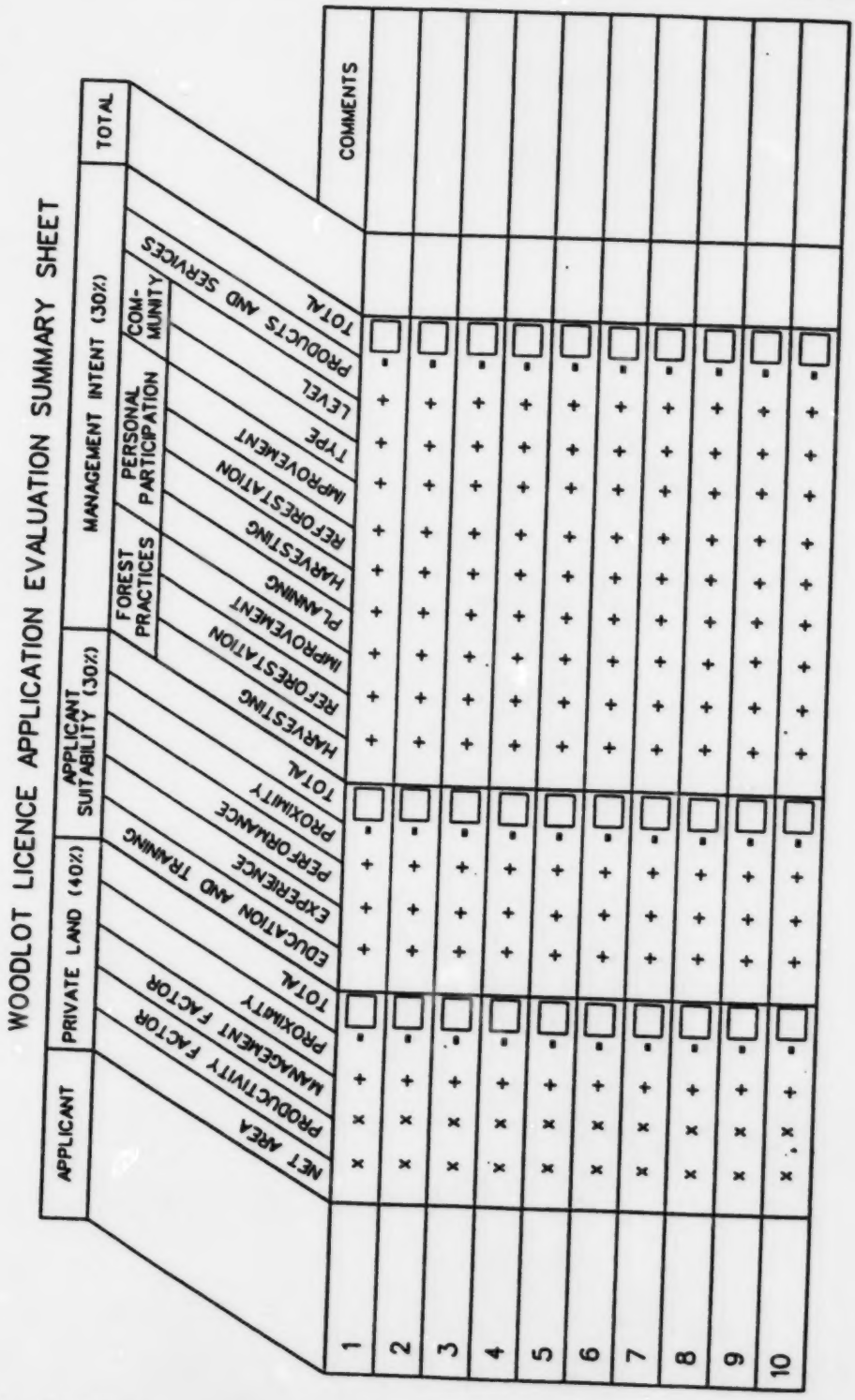
d) **Products and Services (5 points)**
Although every applicant is expected to produce sawlogs, there are a variety of other products and services which can be generated:
- poles, pilings, shakes, shingles and other specialty timber products
- recreational opportunities (skiing/riding/hiking trails, picnic sites, signs, etc.)
- grazing opportunities
- fish habitat enhancement
- Christmas trees
- cedar boughs, salal, herbs, etc.

Generally, the greater the number of products and services, the more favourably an applicant's proposal should be viewed.

Total Management Intent Points = a + b + c + d

Maximum Possible = 30

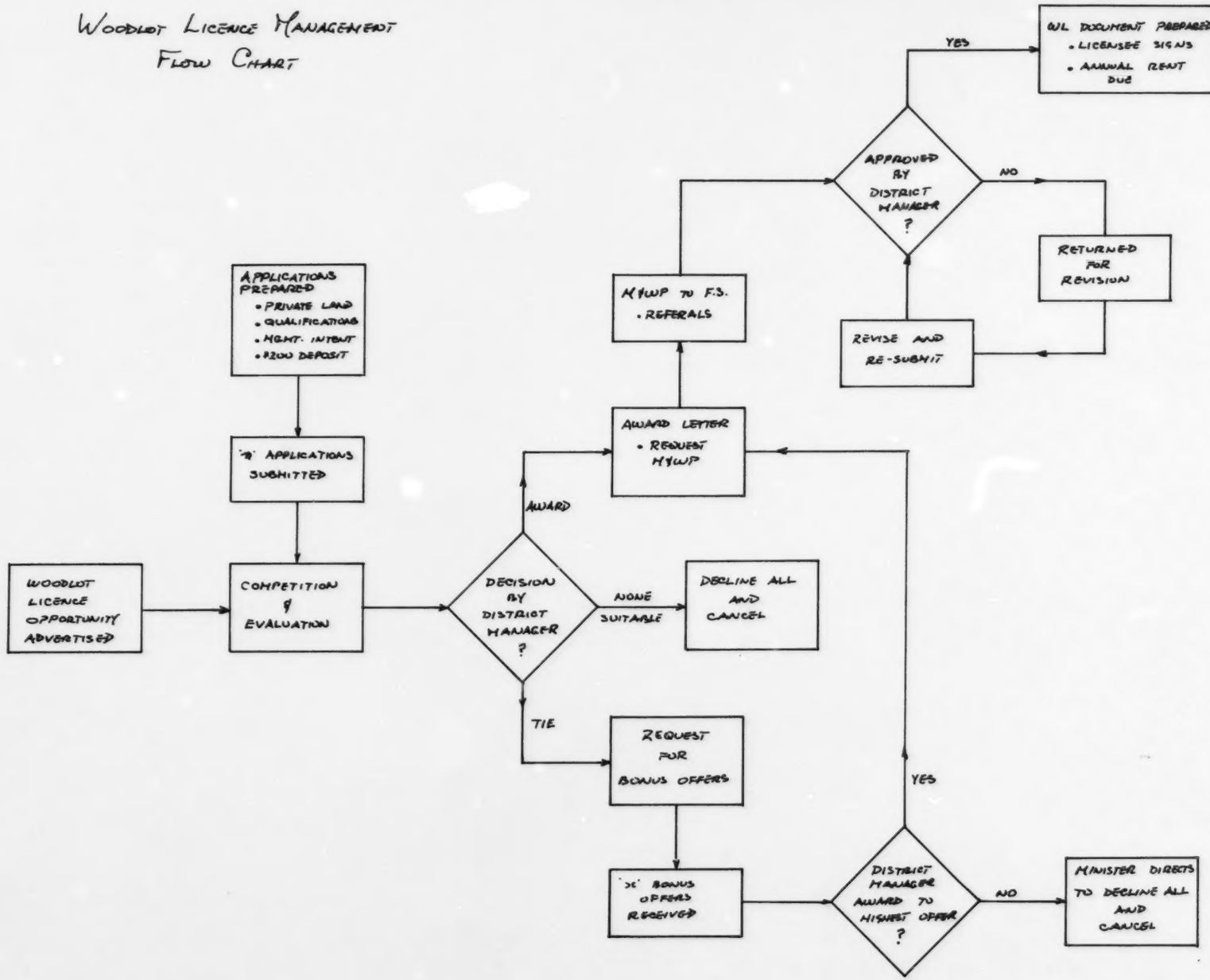
Note: It is important to incorporate the Licensee's management intent, as stated in the application by the successful applicant, into the Management & Working Plan for the Woodlot Licence.


WOODLOT LICENCE APPLICATION EVALUATION SUMMARY SHEET
APPLICANT
PRIVATE LAND (40%)
APPLICANT SUITABILITY (30%)
MANAGEMENT INTENT (30%)
FOREST PRACTICES
PERSONAL PARTICIPATION
COM-MUNITY
TOTAL
NET AREA
PRODUCTIVITY FACTOR
MANAGEMENT FACTOR
PROXIMITY
TOTAL
EDUCATION AND TRAINING
EXPERIENCE
PERFORMANCE
PROXIMITY
TOTAL
HARVESTING
REFORESTATION
IMPROVEMENT
PLANNING
HARVESTING
REFORESTATION
IMPROVEMENT
TYPE
LEVEL
PRODUCTS AND SERVICES
TOTAL
COMMENTS
1
2
3
4
5
6
7
8
9
10

Appendix IV

Woodlot Licence Management Flow Chart

Woodlot Licence Management Flow Chart



- RENT RECEIVED
- D.M. SIGNS DOC.
- 1 COPY TO LICENSE

WOODLOT LICENCE ISSUED

HARVESTING

CUTTING PERMIT APPLICATION

D.M. REFERS C.P APPLICATION TO OTHER AGENCIES

PLANS APPROVED ?

YES

NO

LICENSEE & F.S. REVISE AND RESUBMIT

CUTTING PERMIT ISSUED BY D.M.

LICENSEE OBLIGATIONS

LICENSEE OBLIGATIONS

ANNUAL
- RENT
- ANNUAL REPORT

PERIODIC
- INVENTORY
- MTMP REVISION
- REPLACEMENT
- SURVEYS

PERSONAL
- MISC. BUSINESS RECORDS

P.H.S.P. BY CONSULTANT

LOGGING PLAN

STUMPAGE APPRAISAL

OPERATIONAL CRUISE

MANAGE HARVEST

TIMBER MARKING
- PURCHASE MARKING HAMMER
- APPLY FOR MARK FOR PRIVATE LAND

FINANCIAL

INCOME

S&R ACCOUNTS

TAXES

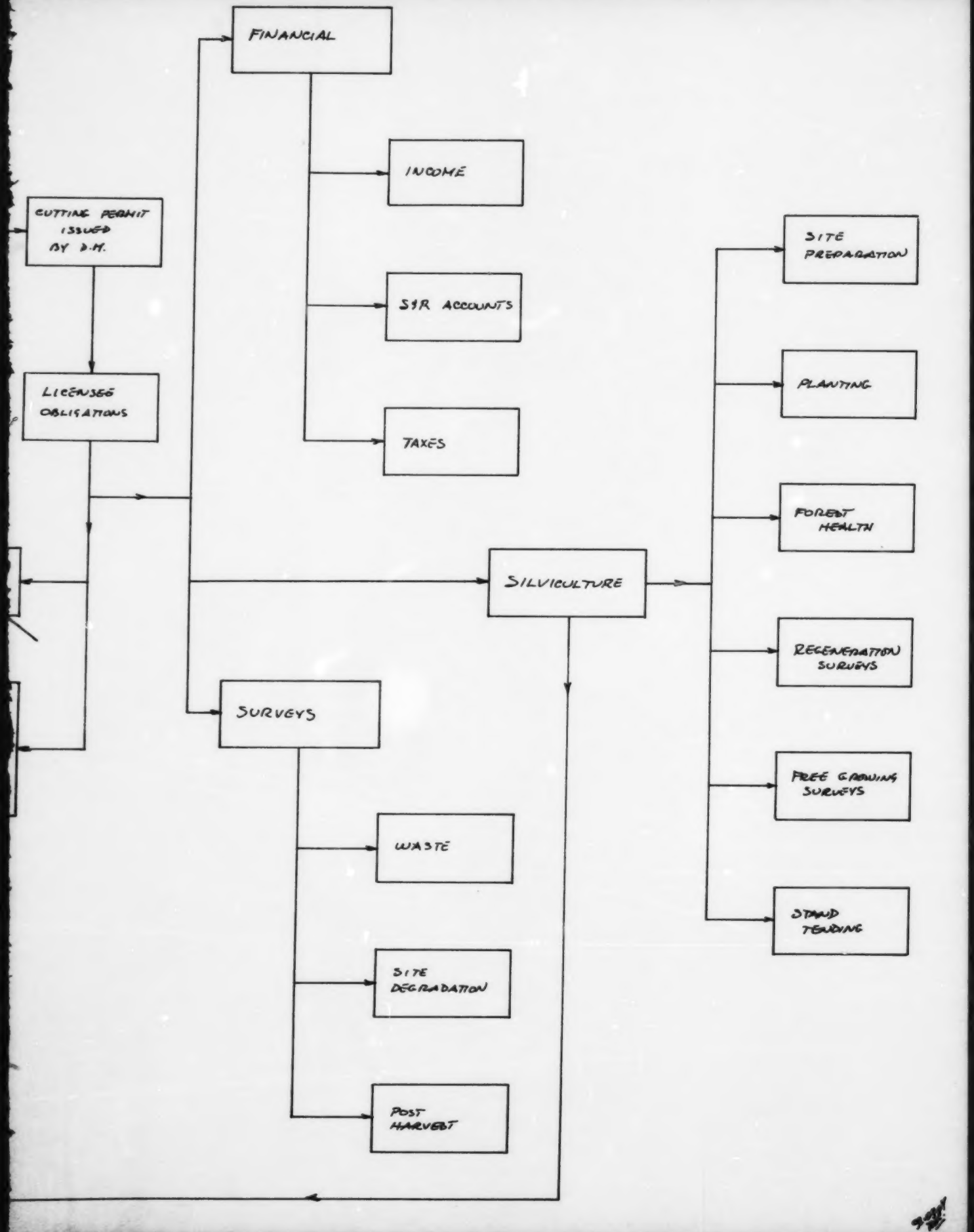
SILVICULTURE

SURVEYS

WASTE

SITE DEGRADATION

POST HARVEST


FINANCIAL
INCOME
S1R ACCOUNTS
TAXES
CUTTING PERMIT ISSUED BY D.M.
LICENSEE OBLIGATIONS
SILVICULTURE
SITE PREPARATION
PLANTING
FOREST HEALTH
REGENERATION SURVEYS
FREE GROWING SURVEYS
STAND TENDING
SURVEYS
WASTE
SITE DEGRADATION
POST HARVEST